

## REVIEW INVESTMENT-THESES 2010/11

A review of our investment theses and an outlook for the second half-year.

### Stock markets overall

#### 1. Substantial correction of stock markets

✓ Unfortunately we were right. Markets collapsed massively in May and many are still down more than 10% ytd. Short term we expect a relief rally.

#### 2. No sustainable acceleration of economic growth

✓ The most important economic indicators suggest a decreasing dynamic. Additionally governments will reduce spending which will dampen the economy even more.

### Sectors

#### 3. Defensive sectors

✗ In this point we were wrong. Despite of already low valuations of our favoured sectors they did not withstand the overall market fall. Midterm we feel, that telcoms, utilities and pharmaceuticals will outperform growth sectors.

#### 4. Focus on natural gas- and healthcare companies

✓ Oil companies with a huge amount of natural gas benefited from the change in the energy politics of the US due to the Gulf disaster. Even the Obama care reform will on the long run help health companies with millions of new clients.

### Commodities/ Real Assets

#### 5. Over weight in physical gold and gold mining stocks

✓ The almost national bankruptcy in Greece as well as the fiscal deficit of industrial

countries will go on to devalue nominal currencies. For that reason Gold will be act as a substitute currency. Gold mining shares have not yet caught up with the raising gold price.

### Geographical regions

#### 6. Prefer globally aligned companies over emerging markets

✓ Especially the Chinese stock market lost much more than globally aligned western companies. Meanwhile attractive valuations of the Chinese shares offer a great opportunity for a short term trade.

### Bonds

#### 7. Long term corporate bonds and government bonds

✗ This thesis was only partially correct. Corporate bonds achieved a good return. However German, Swiss and US government bonds outperformed strongly. One should however take profits from the historically low yielding government bonds.

### Currencies

#### 7. Strong USD versus the Euro

✓ The USD gained strongly since the beginning of the year. We earned a healthy profit with currencies. We expect a devaluation of USD till the end of the year against the CHF. Nevertheless if the stock markets will correct substantially the USD could further benefit from a flight into the leading currency.